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Pentagon Role in Iran Arms Sales Was Not Improper, Agency Says

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WASHINGTON, March 30 — The Pentagon did not act improperly when it sold arms to the Central Intelligence Agency without informing Congress that the weapons would be resold to Iran, a Congressional watchdog agency said in a report issued today.

The agency, the General Accounting Office, in a report to the Senate select committee investigating the arms sales to Iran and the possible diversion of some profits to the Nicaraguan rebels, said Defense Secretary Caspar W. Weinberger was not bound by law to report the arms sales to Congress.

The report by the agency, which advises Congress on matters of Government management, is the first independent review to conclude that the Pentagon was justified in claiming that its role in the Iran initiative was handled correctly.

The report was issued a month after a Presidential commission headed by former Senator John Tower criticized the Pentagon for not doing enough to stop the arms shipments to Iran.

No Judgement on C.I.A.

The General Accounting Office report did not absolve the Reagan Administration, however. The report said President Reagan's January 1986 "finding" that put the arms sales into motion "shifted any responsibility for Congressional notification from the agencies to the President."

The report did not mention whether the actions of the C.I.A. had been proper. Under Federal law, intelligence agencies including the C.I.A. are also required under certain circumstances to notify Congress of weapons sales.

Today's report supported Mr. Weinberger's method of distancing himself

from the arms sales, which he has said he opposed.

President Reagan overrode Mr. Weinberger's objections and signed the directive in January 1986 approving the covert arms sales to Iran. The Defense Secretary then insisted that the Pentagon's role be limited to selling the weapons to the C.I.A., which then sold them to Iran.

As a result, the Pentagon did not have to notify Congress of the sales.

The General Accounting Office report said Mr. Weinberger acted correctly in using the C.I.A. as a middleman. It appeared to lift lingering doubts about how the military handled its part in the transactions.

The Pentagon in January conducted its own investigation of its procedures in the Iran affair. It concluded that errors were made in pricing the weapons but that no deliberate malfeasance was involved.

The Congressional agency's report confirmed that the price to the C.I.A. for the weapons was set too low. This had the effect of increasing profits when the weapons were resold to Iran at a much higher cost.

The Tower Commission did not reach firm conclusions on whether the Pentagon should have reported the arms sales to Congress or whether the transfer of arms to the C.I.A. was properly carried out.

Under the Arms Export Control Act, the Pentagon is required to tell Congress about most significant arms sales to foreign nations.

But the regulations governing the prices to be charged for arms sold abroad by the Pentagon, and Congressional notification of such sales, "do not apply" to the Iran transactions, the General Accounting Office report said.